

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF WASHINGTON

In Re:

LLS AMERICA, LLC,

Debtor,

BRUCE P. KRIEGMAN, solely in his  
capacity as court-appointed Chapter 11  
Trustee for LLS America, LLC,

Plaintiff,

v.

PHYLLIS BLEA., et al,

Defendants.

NO: CV-12-479-RMP

Bankr. Case No. 09-06194-PCW11

Adv. Proc. No. 11-80294

DEFAULT JUDGMENT

THIS MATTER came on consideration upon the Motion of Plaintiff for Entry of Default and Judgment against Defendants Terry and Kathy Kroske, and it appearing from the file and records of this Court in this cause that the default judgment (Bkcy. Dkt. No. 126) entered by the Bankruptcy Court should be deemed

1 proposed findings of fact and conclusions of law, and that entering final default  
2 judgment in conformity with the default judgment entered by the Bankruptcy Court  
3 is appropriate,

4 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED** that the  
5 Plaintiff, Bruce P. Kriegman, solely in his capacity as court-appointed Chapter 11  
6 Trustee for LLS America, LLC, shall have a judgment against Defendants Terry  
7 and Kathy Kroske, as follows:

8 1. Monetary Judgment in the amount of \$10,541.67 USD, pursuant to 11  
9 U.S.C. § 550 and RCW 19.40.071;

10 2. Transfers in the amount of \$10,292.43 USD made to the Defendants Terry  
11 and Kathy Kroske within four years prior to the Petition Filing Date are hereby  
12 avoided and Plaintiff may take all necessary action to preserve the same, pursuant  
13 to 11 U.S.C. §§ 544, 550, 551 and 548(a) and (b) and RCW 19.40.041(1) and (2)  
14 and RCW 19.40.071;

15 3. Transfers in the amount of \$249.24 USD made to Defendants Terry and  
16 Kathy Kroske more than four years prior to the Petition Filing Date are hereby  
17 avoided and Plaintiff may take all necessary action to preserve the same, pursuant  
18 to 11 U.S.C. §§ 544, 550 and 551 and RCW 19.40.041(1) and 19.40.071;

19 4. All said transfers to Defendants Terry and Kathy Kroske are hereby set  
20 aside and Plaintiff shall be entitled to recover the same, or the value thereof, from

1 Defendants Terry and Kathy Kroske for the benefit of the estate of LLS America,  
2 pursuant to 11 U.S.C. §§ 544, 550 and 551;

3 5. All proofs of claim of Defendants Terry and Kathy Kroske which have  
4 been filed or brought or which may hereafter be filed or brought by, on behalf of,  
5 or for the benefit of Defendants Terry and Kathy Kroske or their affiliated entities,  
6 against the Debtor's estate, in this bankruptcy or related bankruptcy proceedings,  
7 are hereby disallowed and subordinated to the monetary judgment granted herein  
8 and Defendants Terry and Kathy Kroske shall not be entitled to collect on their  
9 proof of claim (Claims Nos. 71-1 and 93-1) until the monetary judgment is  
10 satisfied by Defendants Terry and Kathy Kroske in full, pursuant to 11 U.S.C. §§  
11 502(d), 510(c)(1) and 105(a);

12 6. A constructive trust is hereby established over the proceeds of all transfers  
13 in favor of the Trustee for the benefit of the estate of LLS America; and

14 7. Plaintiff is hereby awarded costs (i.e. filing fees) in the amount of \$250.00  
15 USD, for a total judgment of \$10,791.67 USD, which shall bear interest equal to  
16 the weekly average of one-year constant maturity (nominal) treasury yield as  
17 published by the Federal Reserve System.

18 / / /

19 / / /

20 / / /

1 The District Court Clerk is directed to enter this Order, enter judgment as  
2 outlined above, and provide copies to counsel and to Judge Patricia C. Williams.

3 DATED this 1st day of November 2012.

4  
5  
6 *s/ Rosanna Malouf Peterson*  
7 ROSANNA MALOUF PETERSON  
8 Chief United States District Court Judge  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20